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# **Succession Planning In A Portuguese Family Business: A Case Study**

Luís Miguel Teixeira Medeiros

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SUCCESSION PLANNING IN A PORTUGUESE FAMILY BUSINESS: A  
CASE STUDY

**Luís Miguel Teixeira Medeiros**

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**Dr. Rui Couto Viana**

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## ABSTRACT

The succession planning process is one of the main issues that family businesses have to face. The challenge of going through this process is far more complex than passing the ownership of the company to one of the heirs. Many companies fail this process, resulting in the “death” of the organization. As family businesses have a great importance in Portugal, this research is based on a case study in a Portuguese family business, Alexandrino Matias e Companhia, S.A. This study will analyse the succession planning process of this company, that already went through the process, by applying previous research findings on this specific case to test theory. The aim is to understand if the previous generation planned the succession, how it was done, and if the current generation is already planning the next one. If they are, what are they doing differently? The data was collected through interviews and historical data of the company.

**Key-words:** family business, succession planning, efficient succession, management, business administration

**JEL-Codes:** D20, D23, L21, L25, L26, M10

## RESUMO

O processo de planeamento da sucessão é um dos principais problemas que os negócios de família têm que enfrentar. O desafio de passar por este processo é mais complexo do que passar a posse da empresa para um dos herdeiros. Muitas empresas falham este processo, resultando na “morte” da organização. Como os negócios de família têm uma grande importância em Portugal, esta pesquisa baseia-se num estudo de caso numa empresa de família portuguesa, a Alexandrino Matias e Companhia, S.A. Este estudo vai analisar o processo de planeamento da sucessão desta empresa, que já efectuou a sucessão, aplicando as conclusões de estudos anteriores neste caso específico para testar a teoria. O objetivo é perceber se a geração anterior planeou a sucessão, como foi feita, e se a geração atual já está a planear a próxima. Se está, o que vão fazer diferente. A informação foi recolhida através de entrevistas e dados históricos da empresa.

**Palavras-chave:** negócio de família, planeamento da sucessão, sucessão eficiente, gestão, administração de empresas

**Códigos JEL:** D20, D23, L21, L25, L26, M10

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## **LIST OF ABBREVIATIONS**

CEO – Chief Executive Officer

AMC – Alexandrino Matias e Companhia, S.A.

# 1. INTRODUCTION

As family businesses have a huge importance in Portugal, succession planning is key to assure the continuity of companies and especially to assure that the results of the organization will remain equal or change for the better. Succession is inevitable, and owners must prepare them very carefully, because it is not only a matter of ownership, it is about management and how can they leave the management of the company in good hands when they retire.

This research will be based on a case study, using a Portuguese small and medium enterprise company as an example of how the succession occurred during the transition of generations. The company is called AMC - Alexandrino Matias e Companhia, S.A., and it is a northern Portuguese company that operates in the mining and quarries industries.

The goal is to understand if the predecessors planned or not the succession if the actual successors agreed with the process, if they are planning the next succession and what will they do differently, to understand if the succession planning process is really affecting the effectiveness of the succession on companies and its survival.

There are a lot of researches that focus on theory building to support the Family Business topic, but there is an urge to test all the frameworks and models developed by researches over the years. As studies have been done mainly using Eastern European and Asian organizations, it is curious to see how a Portuguese company would match the main conclusions of the current literature on the succession planning process and transition.

The literature review is composed of the main definitions on family business and the problems raised by the lack of a universal definition, the succession importance, the complexity of the succession process, the importance of communication during the succession process, the motivations for the succession planning, and the selection process of the owners to choose the successors, including not only the heirs but also non-family members as alternatives, and also the problem of daughter exclusion on the successor choice.

## **2. LITERATURE REVIEW**

Family business is as most interesting as it is complex. The family is the oldest social unit in the world and, for family businesses, the family is as important as the business itself (Zachary, 2011). Besides, family business is an important subject because it represents an average of over 90% of companies over the world, within democratic countries (Daspit, Chrisman, Sharma, Pearson, & Long, 2017; Motwani, Levenburg, Schwarz, & Blankson, 2006). In Europe, more than 60% of all companies are family businesses (European Commission, 2009), which represents around 690.000 small and medium-sized companies (Molly, Laveren, & Deloof, 2010).

### **2.1. DEFINING FAMILY BUSINESS**

Defining family business is still a big problem today. Even though there are many studies done on this subject, there is still a struggle to define this wide and complex concept. There are many family business definitions. Many authors refer to family business as “a business which is owned and/or managed by a family” (Casrud, 1994; Chua et al., 1999; Intihar & Pollack, 2012) (Cit. By Pounder, 2015, p. 117). According to Pounder (2015), a company can be considered a family firm if the family control both strategy and top management positions through equity ownership. A different perspective is that a family business distinguishes from non-family businesses when there is a “family” dimension besides the “business” dimension present in companies (Motwani et al., 2006). Another interesting definition is that “family business is the manifestation of the associated family system” (Zachary, 2011, p. 27).

Donnelley’s early definition of family business (1964) was composed of seven conditions, where at least one needed to be present for a company to be considered a family business. The conditions were:

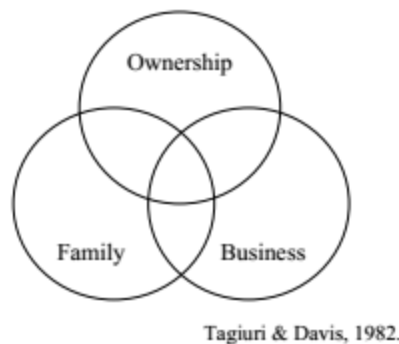
- “existence of family relationships as a key factor in succession;
- presence of family member on board of directors;
- reflection of family values in business;
- actions of family member reflected on reputation of business;

- presence of relatives involved and who felt obligated to hold stock for more than financial reasons;
- relationship between family members' positions in the business and their standing in the family;
- entering the firm being part of family members' career decisions."

(Cit. By Zachary, 2011, p. 28)

The study of the European Commission on family businesses (2009) identified more than 90 definitions, evidencing the presence of a clear variety of opinions on what a family business is. To better understand family businesses, the European Commission (2009) started by characterizing them, with the help of the "3-Circle" model of family business, created by Tagiuri & Davis in 1982. This model is composed of three circles: ownership, family, and business.

**"3-Circle" model of family business**



*Figure 1: "3-Circle" model of family business, Tagiuri & Davis, 1982*

The family circle, many times denominated by "Family System", is composed by the family itself and its capital. According to Zachary (2011, p. 30), "Family's presence in the business is simply the manifestation of the internal dynamics of the family in and of itself". The incomes to family members can be social, human, financial and physical capital, provided by both families and businesses (Danes et al. 2008) (Cit. By Zachary, 2011). Family capital is "the total resources of owning family members and enables the short-term family business success

and long-term sustainability” (Danes et al. 2009) (Cit. By Zachary, 2011, p. 32), and social capital represents the relations between all family members. Human capital includes “the human attributes of the individuals in the family” (Zachary, 2011, p. 32).

Ownership is what distinguishes family and non-family business. The ownership determines the possession of the business and it is important because it keeps family legacy and traditions intact (Zachary, 2011). Since most family businesses are small and medium enterprises, ownership and management are assumed to be the same (Nordqvist, Wennberg, Bau', & Hellerstedt, 2013).

A common error on family business is to assume that something can benefit both the family and the business, but normally there is a trade-off, putting owners on the position of having to make choices that depend on their priorities, either be the family or the business (Sharma et al., 1997) (Cit. By Bizri, 2016).

The complexity of the family businesses brings new challenges. On the one hand, both the family and the business systems determine the family and business outcomes (Zachary, 2011). On the other hand, and according to Zachary (2011), owner managers must find the equilibrium between the importance of the responsibilities in the family and in the family business. A conflict between family, family members, and non-family members cause tension, and both the family and the family business suffer. Families have to be aware of the existence of the meeting of both family and business systems (Handler, 1992).

The family and business structures will moderate the outcomes produced by the family and the business (Zachary, 2011).

After the study, the European Commission (2009, p. 4) proposed a definition of Family Business:

“A firm, of any size, is a family business, if:

- 1) The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children’s direct heirs.
- 2) The majority of decision-making rights are indirect or direct.
- 3) At least one representative of the family or kin is formally involved in the governance of the firm.

- 4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 percent of the decision-making rights mandated b their share capital.”

(European Commission, 2009, p. 4)

This lack of definition brings different problems. This issue of defining family business makes this subject particularly complex. For different studies, one can or cannot be a family business. Not having a universal definition, make international studies almost impossible, and it is hard to cross specific data.

One other issue is the lack of importance that policy makers give to the specificities of family business and their contribution to society. The existence of reliable information is essential, not only to policy makers but also to researchers, that assume inaccurate facts (like all family businesses are SMEs) because of the lack of robust data (Daspit et al., 2017; European Commission, 2009). This results in lack of attention from policy makers and the governments to family businesses, having no advice nor help in the crucial processes involving family business (Lam, 2011).

## 2.2. SUCCESSION IN FAMILY BUSINESS

Succession is defined as the process based on the change of leadership from one family member to another (Sharma et al., 2001) (Cit. By Bocatto, Gispert, & Rialp, 2010). According to Mazzola et al. (2008), succession is a process based on ownership and top management succession.

Succession is considered the most important topic regarding family businesses by many researchers (Ayres, 1990; Handler, 1994; Le Brenton-Miller, Miller & Steier, 2004; Wang et al., 2004) (Cit. By Bocatto, Gispert, & Rialp, 2010). According to Helin & Jabri (2016, p. 489), “Succession is one of the most difficult strategic issues for a family firm to manage (Chua et al., 2003) as business founders, successors, and executive managers find it difficult to discuss (Hubler, 2009).”. Following interpersonal family dynamics, the succession was the second-most researched subject (Dyer, Sánchez, 1998) (Cit. By Lussier & Sonfield, 2012).

Succession is required due to the fact that when an entrepreneur creates a company, his goal is not to sell the company: the goal is to continue the company through the generations (European Commission, 2009), for the reason that “the human tradition of passing on heritage, possessions, and name from one generation to the next leads both parents and children to seek continuity in the family business.” (Barnes & Hershon, 1976, p. 107) (Cit. By Gilding, Gregory, & Cosson, 2015, p. 300). This family legacy continuity intention will influence the process of making decisions of the owners and managers of family businesses (Hammond et al., 2016) (Houshmand, Seidel, & Ma, 2017).

This continuity of the business is assured by the replacement of older family members by younger family members (Konopaski, Jack, & Hamilton, 2015). Also, if the succession planning is effective, the performance of the company will be positively influenced (Norita et al., 2010) (Cit. By Mokhber et al., 2017), making it important for owners to have a proper succession process on their businesses.

According to Majda (2016), succession planning is both complex and crucial. What makes succession planning so complex is that there are no “best practices” in family business: “what work for one family in one situation will not work for another family in another situation” (Sharma et al., 1997: 17) (Cit. By Motwani, Levenburg, Schwarz, & Blankson, 2006, p. 472), and



succession planning change its criteria and patterns depending on size and other variables (Motwani et al., 2006). All the minor changes influence the company itself, including the environment in which the company is involved in. A study proved that the country is a key variable on the degree of succession planning by family businesses, finding that family businesses show a bigger effort on succession planning in Croatia, Egypt, and Kuwait than in Kosovo, France, and the USA (Lussier & Sonfield, 2012).

But the reason why succession is a critical topic is not its complexity, it is due to the fact that succession in most companies represents the end of the company (De Massis et al., 2008) (Cit. By Majda, 2016). Although this seems contradictory, only 30% of the companies can effectively go through the process of succession from the first to the second generation, and the percentage goes down to only 10-15% in the third generation (Bocatto et al., 2010). After this, only 3% of the companies survive to the fourth generation and beyond (Mokhber et al., 2017). Therefore, an effective succession can be seen as an accomplishment to the company (Gilding et al., 2015).

The major reason for this high mortality in family firms is the lack of succession planning (Ibrahim, Soufani, & Lam, 2001). According to Motwani et al. (2006, p. 475), “East Anglia, UK, Brown & Coverly (1999) concluded that most owners do not plan for their succession”. Succession planning is “the deliberate and formal process that facilitates an effective transfer of management control from one family member to another (Sharma, Chrisman, & Chua, 1997; Ward, 1987)” (Mazzola et al., 2008, p. 241). Planning is important because succession is a complex process that occurs during a long period of time in a company, and not just an event (Le Breton-Miller, Miller, & Steier, 2004; Mazzola, Marchisio, & Astrachan, 2008). Most companies fail in the succession process because the founders are afraid of going through this process. According to Lussier & Sonfield (2012), founders often resist giving up the control of their companies to the next successors. Often, the owners are unable to “let go” of the business (Gilding et al., 2015; Rosenblatt et al., 1985 cit. by Motwani et al., 2006).

According to the European Commission (2009), the main challenge of family firms is the unawareness of the early succession planning importance, and M. Mokhber et al. (2017) affirmed that succession planning should, in fact, be started at a very early stage in the successor's life. Gage et al. (2004) also mentioned that “the sooner the company decides to start the transition process, the greater the probability of success” (Cit. By Majda, 2016). Nonetheless,

this does not mean that parents should push their children to work inside the company, as most likely the children would have a wrong motivation, joining the company simply because they do not want to disappoint their parents (Schröder & Schmitt-Rodermund, 2013). Moreover, young family members may lose interest in being involved in the business (Aldrich & Cliff, 2003) (Houshmand et al., 2017).

### **2.3. THE INFLUENCE OF FAMILY RELATIONSHIPS IN FAMILY BUSINESS**

The loss of interest by young family members can be explained by family relationships. In the last years, the number of researches about the impact of family relationships on family businesses has increased (Dyer, 1986; Ward, 1987) (Cit. By Lansberg & Astrachan, 1994). The importance of family relationships can be identified by situations that owners must go through necessarily, such as choosing a successor when there are several siblings, that can be perceived as favoritism, which can translate in sibling rivalry and affect the succession process, and this example can convert in the general idea that the better the relationships between family members, the better the succession process in the family business will be (Lansberg & Astrachan, 1994).

According to Lansberg and Astrachan (1994), the influence that family relationships have on succession planning and successor training depends on two variables:

- the commitment of the family to the company – if the commitment is high, families perceived the organization as a long-term legacy and they prefer business success over the time than personal profit;
- the relationship's quality between the owner-manager and the successor – trust, mutual support, effective communication, sharing of information and knowledge are some of the characteristics of a good relationship.

Based on these two variables, Lansberg and Astrachan created a model of family influences on succession, that consists of six proved topics.

The first topic is “family cohesion will be positively associated with the quality of the relationship between the owner-manager and successor”, and it is noticed when succession is seen, by the owner-manager and successor, as important to the entire family and not only the involved family members. (Lansberg & Astrachan, 1994, p. 44)

The second topic is “family adaptability will be positively associated with the quality of the relationship between the owner-manager and the successor” (Lansberg & Astrachan, 1994, p. 45).

The third topic is “family cohesion will be positively associated with the family’s commitment to the firm”, and in cohesive families, there is a big loyalty to the family and to the family assets, and parents discuss their hopes about their children’s future (Lansberg & Astrachan, 1994, p. 45).

The fourth topic is “family’s commitment to the business will be positively associated with the extent of succession planning”, meaning that family members that are committed to the business perceive its continuity as a clear benefit to the family, and having committed family members means that owner-managers are willing to plan a succession because they know the succession is possible (Lansberg & Astrachan, 1994, p. 46).

The fifth topic is “family’s commitment to the business will be positively associated with the degree of successor training”, implying successors are willing to learn and be trained (Lansberg & Astrachan, 1994, p. 46).

The sixth topic is “the quality of the relationship between the owner-manager and the successor will be positively associated with the extent of successor training”. This means that both the owner-manager and the successor have to recognize they have things to learn from each other, forgetting the pride and appreciating knowledge (Lansberg & Astrachan, 1994, p. 47).

According to Lansberg and Astrachan (1994, p. 42), “high cohesion and adaptability are associated with healthier family relationships and effective communication”.

## **2.4. THE IMPORTANCE OF COMMUNICATION IN FAMILY BUSINESS**

Communication between all the involved actors is needed so that an effective succession can be accomplished (Kets de Vries, 1993) (Cit. By Bigliardi & Ivo Dormio, 2009). Lack of communication is a common problem in family businesses (Ibrahim et al., 2001). According to Bigliardi & Dormio (2009), all the cases analyzed that represented unsuccessful transitions in family businesses were characterized by the absence of communication. For that reason, according to Handler (1992), the communications between generations require mechanisms to strengthen family relations. There is a need to have a good relationship and communication between family members to ensure an effective succession (Bachkaniwala et al., 2001; Helin & Jabri, 2016; Pyromalis & Vozikis, 2009) (Cit. By Mokhber et al., 2017). According to Mazzola et al. (2008), communication and shared knowledge can be increased by planning a succession formally, which can develop internal and external stakeholders network.

And the cause for the need of communication is because the process requires conversations to assure that both generations are aligned on what they want from and for the company (Helin & Jabri, 2016), as they need to work together during the transition and beyond (Ibrahim et al., 2001) (Cit. By Mokhber et al., 2017). The goal is to create “long-term involvement among family members” (Hubler, 2009; Lansberg & Astrachan, 1994; Tatoglu et al., 2008) (Cit. By Helin & Jabri, 2016, p. 488). Communication allows reducing conspiracy (Lansberg, 1988) or resistance (Handler & Kram, 1988) (Cit. By Handler, 1992), which will help to have a positive succession experience. As Handler (1992) stated, if there is no conflict among the siblings, the succession will be much smoother.

If there is conflict among the siblings, there are implications for the family business succession process. Despite the importance of succession planning, many family businesses end their operations before the first succession is made, simply because sibling rivalry can degrade both the family and the business (Avloniti, Iatridou, Kaloupsis, & Vozikis, 2013).

## 2.5. SIBLING RIVALRY AND THEIR MOTIVATIONS IN FAMILY BUSINESS

Sibling rivalry is “the competitive relationship between siblings and is often associated with the struggle for parental attention, affection, and approval but also for recognition in the world” (Avloniti et al., 2013, p. 663).

To better explain the influence of sibling rivalry on the succession process, Avloniti et al. (2013) developed a framework.

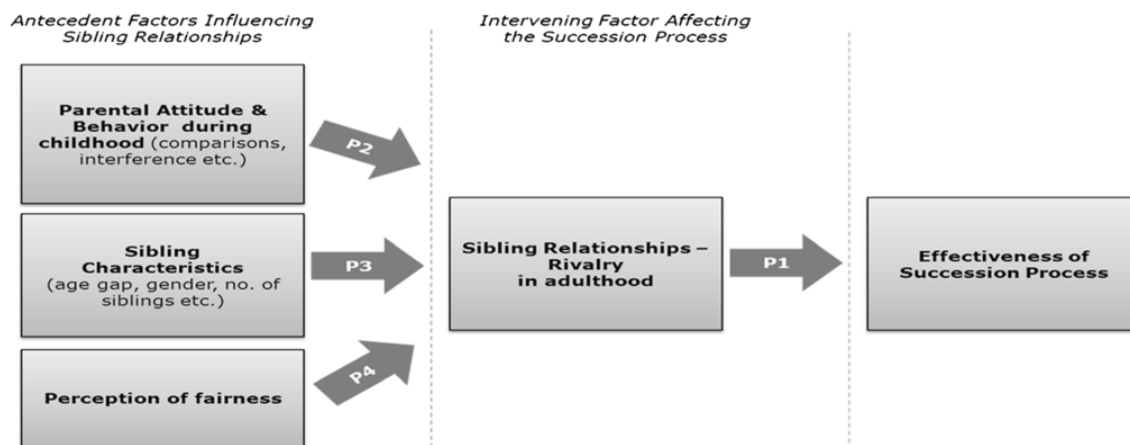


Figure 2: Sibling relationships and family firm succession effectiveness, Avloniti et al., 2013

The first analyzed impact was the influence of the sibling relationship in the effectiveness of the succession process, because the worse the quality of the relationship, the worse the effectiveness of the succession process will be.

The second impact was the influence of parents’ behavior in the childhood of the heirs, which can influence negatively the sibling relationship since attitudes like unfair treatment, which parents must avoid, can generate sibling rivalry and lower the possibility of having an effective succession process.

The third impact that was analyzed was the influence of sibling characteristics in their relationships. The characteristics of the siblings and the family can influence their relationships: the bigger the difference of age, the smaller the chance of conflict between siblings; the bigger the number of siblings, the bigger the probability of conflict; the higher the number of males

between the siblings, the bigger the odds of conflict. These variables can influence sibling relationships and the effectiveness of the succession process.

The fourth impact was the perception of fairness in sibling relationships. If siblings perceive fairness as the distribution according to needs, the better the relationship will be. On the other hand, if siblings perceive fairness as the distribution according to rewards, the relationship among siblings will be based on competition, which will worsen the siblings' relationship and the effectiveness of the succession process.

To effectively go through the succession process, the key participants must feel comfortable with each other, without conflict, in order to reach a smooth process (Motwani et al., 2006). And this factor is even more important because "family businesses rely heavily on interpersonal social relationships" (Hall & Nordqvist, 2008) (Cit. By Konopaski et al., 2015, p. 349).

But succession is not always smooth since the motives of the key participants for family business succession are not always the will of continuity and there is not always harmony on the family system (Gilding et al., 2015). To assure the continuity, it's important to have good leaders in the family, especially in the next generation (Mazzola et al., 2008). The willing of the successor to keep the business and commitment to the continuity will affect the way their company will pursue non-economic goals such as family harmony (De Massis et al., 2016) (Cit. By Daspit et al., 2017).

Gilding et al. (2015) created a framework to better understand what outcomes in the family business would cause by the motivations for the succession planning and it was a great contribution to better understand that there are differences on the motivations of each individual.

### A Typology of Incumbents' Motives for Family Business Succession Planning

<b>Family Harmony</b>	<b>Strong</b>	4. Weak continuity, strong harmony	1. Strong continuity, strong harmony
	<b>Weak</b>	2. Weak continuity, weak harmony	3. Strong continuity, weak harmony
		<b>Weak</b>	<b>Strong</b>
		<b>Continuity of Family Business</b>	

Figure 3: A Typology of Incumbents' Motives for Family Business Succession Planning, Gilding et al., 2015

On this model, it is presented four scenarios in which the intention to continue the family business and the family harmony among all the family workers determined the future of the company.

On the first scenario, when there are strong continuity will and strong harmony in the family, families see succession planning as an investment, “formal succession planning process, facilitated initially by a business psychologist and then a family business advisor” (Gilding et al., 2015, p. 303). Families in this situation anticipate “that the children will become joint CEOs in the next 5 years” (Gilding et al., 2015, p. 303). In this scenario, the result will be a smooth succession, named “Institutionalization”.

On the second scenario, when there are weak continuity will and weak harmony, incumbents struggle to let go, which “will result in the implosion of the family business” or the death of the company (Gilding et al., 2015, p. 305).

The third scenario, strong continuity but weak harmony, characterized by the incumbent's priority on the business over the family, results in the imposition of a succession, usually resulting in a trembled succession, opposed to the smooth wished transition.

The last scenario, weak continuity but strong harmony, may be caused by “the growing complexity of family businesses” with succession or “the changing organization of family



relationships”, where nowadays possible successors look for a future outside the company based on career aspirations. This scenario usually leads to “Individualization” or selling and dividing the company among stakeholders (Gilding et al., 2015).

**A Typology of Outcomes Typically Arising From Incumbents’ Motives for Family Business Succession Planning**

<b>Family Harmony</b>	<b>Strong</b>	4. Individualization	1. Institutionalization
	<b>Weak</b>	2. Implosion	3. Imposition
		<b>Weak</b>	<b>Strong</b>
		<b>Continuity of Family Business</b>	

*Figure 4: A Typology of Outcomes Typically Arising from Incumbents’ Motives for Family Business Succession Planning, Gilding et al., 2015*

Not only the motivations of the incumbents are important for Family Business succession planning. The perceived benefits of the possible successors are also a central factor to take in the count when planning a succession.

Mazzola et al. (2008) developed a model that decompose the perceived benefits of the next generation (more educational or more relational) in two variables: the strategic plan purpose and next generation’s role. It was based in four propositions:

- If the strategic purpose of a succession plan is directed to the improve the business, the benefits tend to be more educational than relational;
- If the strategic purpose of a succession plan is directed to the change of ownership of the organization, the benefits tend to be more relational than educational;

- If the role of the next successor is involved as an executor, the benefits tend to be more educational than relational;
- If the role of next successor is to be a leader, the benefits tend to be more relational than educational.

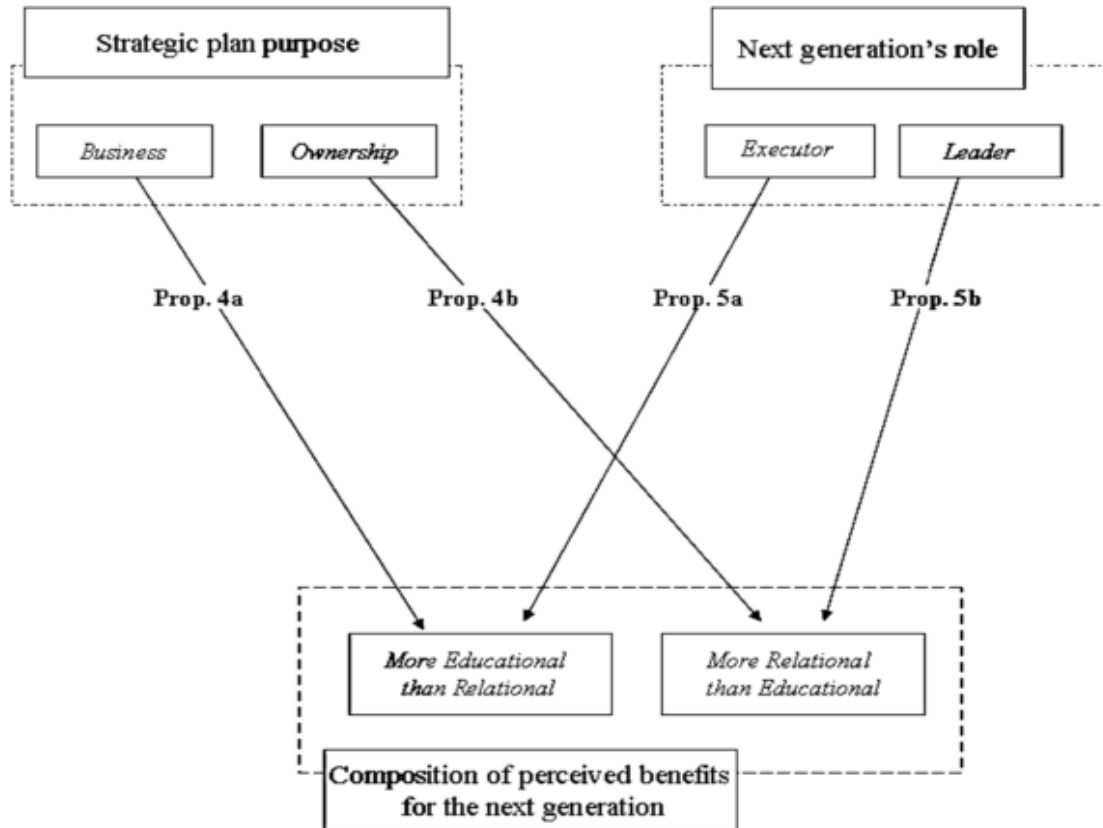


Figure 5: The differences in the composition of perceived benefits, Mazzola et al., 2008

## **2.6. THE PROCESS OF SELECTING THE NEXT SUCCESSOR IN FAMILY BUSINESS**

Motwani et al. (2006) mentioned three main factors that influence succession planning on family businesses:

- Size of the firm: small companies view business growth as the most important goal that the successor must have in mind;
- Family members in the business: the firms with fewer family members working in the company perceive “successor’s educational background” as the most important factor;
- Owner characteristics: the age of the owner influences their view of the most suitable successor.

Depending on the choice of successor or motivation of choice, Bizri (2016) introduced two concepts. When the predecessor makes his business decisions thinking on the best for the family, the predecessor presents a profile of “familial stewardship”. When the predecessor makes his business decisions aiming “to build and grow the business’s assets instead of maintaining them”, instead of making decisions based on family interests, it’s called “entrepreneurial stewardship”. These two profiles of the actual owner can give a forecast of how the succession decision will be taken (Bizri, 2016).

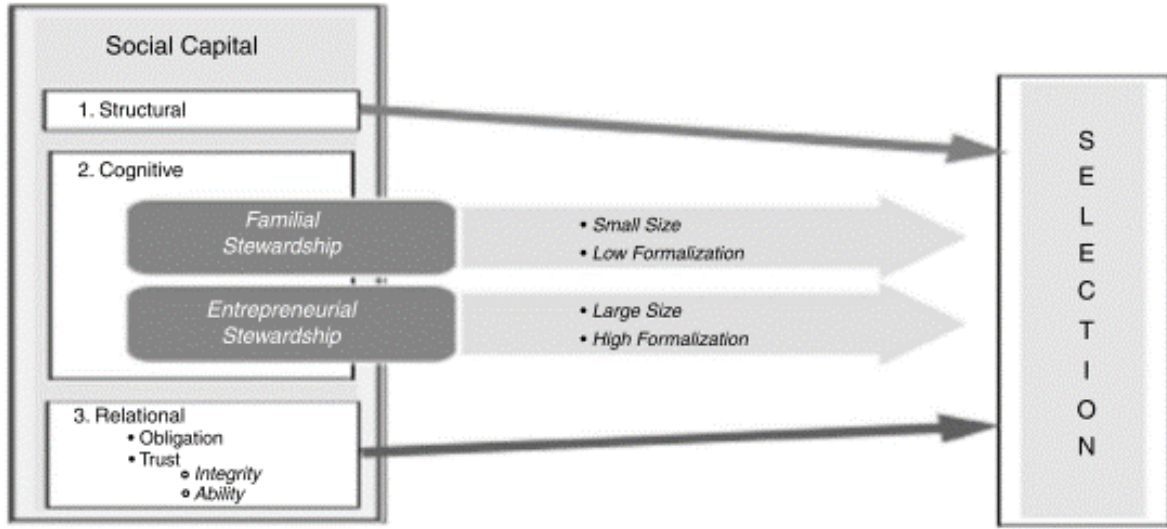


Figure 6: Social capital drivers of succession Bizri, 2016

Despite Motwani et al. (2006) results on the size of the company's influence on succession planning, Bizri (2016) concluded that the smaller the company, the most likely predecessors will have a “familial stewardship” posture, preferring family interests over business interests on growth. Bizri (2016) also stated that the owner would prefer a successor that would sacrifice himself for the interests of the family, introducing a proposed model on the drivers that influence the selection of the successor. Also, with succession, family businesses tend to lose the “familial stewardship” mentality (Ibrahim et al., 2001).

Sharma et al. (2001) proposed a model with the variables that influence the succession satisfaction, which are:

- “propensity of the incumbent to step aside;
- successor's willingness to take over;
- agreement among family members to maintain family involvement in business;
- acceptance of individual roles;
- succession planning”.

(Cit. By Majda, 2016, p. 359)

As seen before, the willing of a possible successor to take the position is also important since many individuals prefer to work outside the family company, making their own career on

other firms (Handler, 1992), and parents must realize that leaving the family business is not a bad decision made by their children. Outside experience can enrich their professional sphere, gaining competencies and skills that could not be gained in the family company, and the children can then conclude if they really want to be in the family business, not to compete with their siblings, but because it's better either for themselves, for the family or for the business (Avloniti et al., 2013).

According to Handler (1992, p. 289), “the more a next-generation family member has achieved fulfillment of three needs (career, psychosocial, and life stage) given opportunities in the context of the family firm, the more likely it is that the individual will have a positive succession experience”, which can be a good indicator for predecessors to base their choice when selecting a successor. The decision is hard to make because the “generational transfer is based on business and emotional aspects” (Majda, 2016), and parents want to keep this business and emotional aspects inside the company, so it can be passed through generations.

Primogeniture is not a choice but a natural consequence of succession, as owners want the successors to be aligned at least on the basics, training their child to think like they do (Bizri, 2016). In 1982, Alcorn suggested that family firms behave like monarchies, where the older son is always the successor (Ibrahim et al., 2001). Primogeniture represents an exclusion of competent daughters in the successors' selection process (Jimenez, 2009) (Cit. By Wang, 2010). Even though primogeniture is no longer the natural choice (Sharma et al., 1996, p. 21) (Cit. By Gilding et al., 2015), families continue to effort to integrate family members into their businesses, making it more likely to look inside the company for successors before going outside the family to recruit professional managers, creating a challenge to attract or maintain skilled workers to join the family businesses (Pounder, 2015). Predecessors also prefer to choose family members over non-family, because ownership is seen as a property that has been built over generations and not as an asset, creating a special meaning for family firms.

The predecessors often express their desire to have their own child as successors of the company, binding the family members to the business (Bizri, 2016). According to Mazzola et al. (2008, p. 241), there are certain characteristics that the successor have to have in order to achieve an effective succession, being: “business and industry knowledge, often tacit (Cabrera-Suárez, Saa-Pérez, & García-Almeida, 2001; Steier, 2001); several abilities, like decision making and interpersonal abilities (Chrisman, Chua, & Sharma, 1998); networks and social capital (Steier,

2001); passion (Andersson, Carlsen, & Getz, 2002); innovative spirit (Litz & Kleysen, 2001); and legitimacy and credibility from family and nonfamily stakeholders (Barach, Ganitsky, Carson, & Doochin, 1998; Sharma, 2004; Steier, 2001)".

Many times, daughters fulfill the characteristics but are excluded because parents do not recognize their potential, considering the choice of the successor based on gender, and preferring males over females to take the successor position (Wang, 2010). More than 95% of the times, predecessors do not consider daughters when selecting the successor (Goodman, 1988; Vera and Dean, 2005) (Cit. By Wang, 2010), representing a unused resource and opportunity (Le Breton-Miller et al., 2004) (Cit. By Wang, 2010).

According to Wang (2010), a study made by Martin (2001), showed that besides daughters being left aside in the successor's selection, their contributions to the companies were not valued, even when working in the companies for many years, with several achievements and better academic and professional background.

There are several more studies, proving daughter exclusion. In some cases, daughters are only considered when there are no sons in the family, in other cases, predecessors prefer sons-in-law to be a successor, even when with fewer competencies than daughters, and there are even cases where the company is sold rather than transferred to daughters (Wang, 2010).

According to Curimbaba (2002), predecessors may give daughters a place in the company for them to work, but the level of trust and responsibility is low (Wang, 2010).

Wang (2010) also mentioned that daughter's effort was underrated and some predecessors offered financial benefits to keep daughters away from the family company, and this was due to macro and micro factors: global tradition to have men taking leadership positions, primogeniture, difficulty to predecessors to see daughters as professional managers, and the discouragement of mothers to have daughters involved in family businesses.

Nonetheless, daughters can take control of the leadership, making an involvement in the company of the family and showing true passion (Curimbaba, 2002) (Cit. By Wang, 2010). Though, this requires great effort and performance, so predecessors can really value the professional competencies of their daughters (Wang, 2010).

As Wang (2010, p. 480) cited, "family businesses can provide daughters with a doorway into traditionally male-dominated industries (e.g., construction, manufacturing, shipbuilding,

offshore, marine) that typically have high entry barriers to women (Galiano and Vinturella, 1995; Salganicoff, 1990)”.

What distinguishes female and male successors is that daughters desire to work side by side with their fathers, seeking a codependent relationship, unlike sons who prefer to replace their father in order to establish themselves as professionals (Dumas, 1992) (Cit. By Wang, 2010).

But since succession planning is not as simple as nominating the eldest son as the successor, and because many times the heirs of the company do not apply to the characteristics and requirements that a successor should have, non-family members can also be chosen to be successors, and as mentioned before, communication is required both within and outside the family system.

Nevertheless, not looking outside of the company for successors because predecessors believe that the family values will be lost is a big mistake, since they prefer not to hire professional managers, even though they can assure external capital growth (Bocatto et al., 2010). The selection process should evaluate all the potential successors (Wang, 2010).

There are some studies that prove better results when management positions are occupied by external members: “The impressive financial results (...) were also attributed to a nonfamily, highly talented management team” (Ibrahim et al., 2001, p. 248); “Recent evidence suggests that outside successors are often advantageous for firm profitability” (Bennedsen et al., 2007; Cucculelli & Micucci, 2008; Wennberg et al., 2011) (Cit. By Nordqvist et al., 2013, p. 1110); and “involvement of non-family members in such structures drives firm performance and competitive advantage” (Daspit et al., 2017, p. 9). Lam (2011) concluded that professional managers can be important not only for the performance itself but also for the succession process, and to assure continuity to the company, even though family members take decisions in an unlike way that professional managers do, because family members have a view focused on the long-term (Avloniti et al., 2013).

But then again, recruiting non-family members denotes a big challenge for companies. The European Commission (2009, p. 17) identified the problem of not having professional management on family businesses as one of the main challenges, since “there is an overall negative perception of professional “career progression” in family business, which makes them less attractive in the labor market”. The idea that “non-family employees are always outsiders and will never be considered as insiders” (Lam, 2011, p. 525) is what makes this negative image

of family businesses so relevant. Consequently, succession should be planned as soon as possible, considering all variables and challenges that may occur during the process, mainly due to its complexity.

The process goes on with the successor chose: the successor that will take the top management place start its career at a phase where the focus is the development of knowledge and skills, and only later it comes to a phase of transition to take over the management (Aronoff & Ward, 2001; Marchisio, 2006) (Cit. By Mazzola et al., 2008).

Taking all the literature review in consideration, a great model to resume all of the mentioned information is the framework created by Handler (1994), that identified two dimensions of succession: the satisfaction with the process and the effectiveness of the process itself.

These dimensions are influenced by five critical factors: incumbent's propensity to leave the company; the successor's willingness to take over the company; the relationships and communication between the family members; succession planning; and the successor's preparation for the manager position.

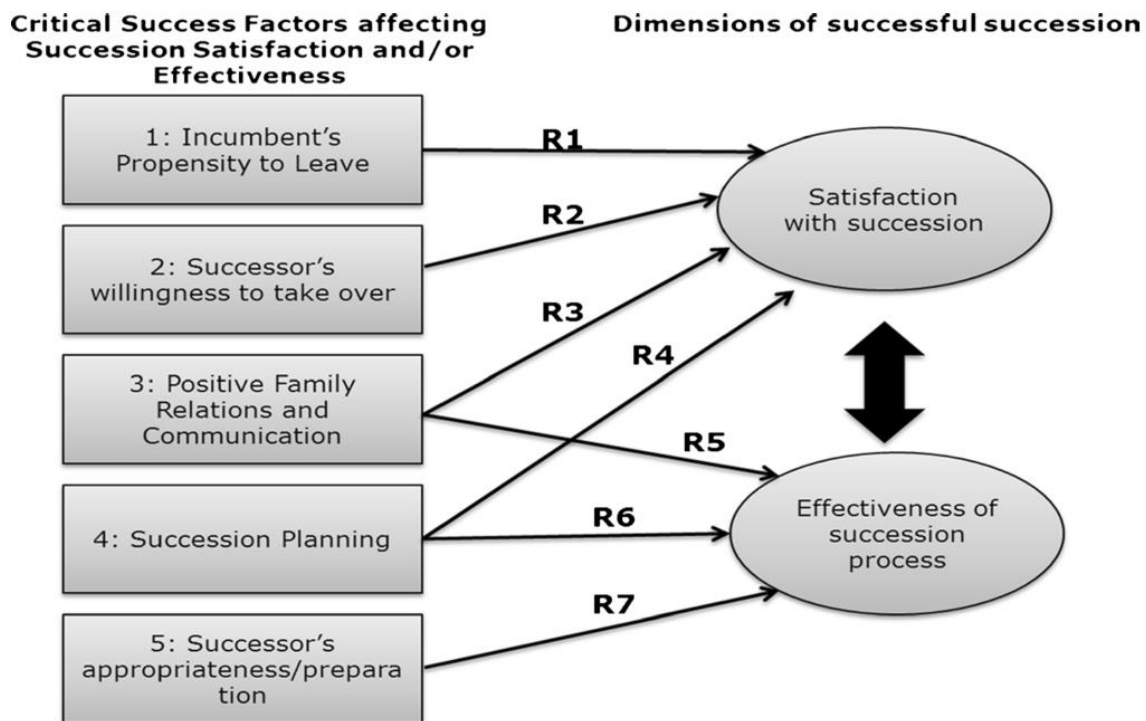


Figure 7: Conceptual framework of the direct and indirect influences of the critical success factors on the succession process, Handler, 1994, Cit. By Avloniti et al., 2013





## 2.7. SIMILAR STUDIES

There is much literature regarding family business and family business succession planning, including case studies. Aleksandra Majda (2016) presented a case study in Polish firms, to determine the overall satisfaction in companies that went through the process of succession. Jenny Helin and Muayyad Jabri (2016) followed the process of succession up-close, participating in the meetings and arranging several interviews with all the actors in a real company. Ibrahim et al. (2001) also did a case study by researching a succession in a global company named “Quebecor”, analyzing all the interviews, meetings and letters that were part of the process. Gilding et al. (2015) developed a framework to forecast how succession planning should be done, using several companies as real examples to confirm the framework findings.

AUTHOR(S)	TITLE	DESCRIPTION
Aleksandra Majda (2016)	“The analysis of succession strategy, success determinants in Polish family business - case study”	“Model of initial satisfaction with the succession process in family business”
Jenny Helin & Muayyad Jabri (2016)	“Family business succession in dialogue: The case of differing backgrounds and views”	“Real-time qualitative study of an owner family’s conversations during succession”
A. B. Ibrahim, K. Soufani, J. Lam (2001)	“A Study of Succession in a Family Firm”	“The reluctance of the founder to let go of the business to his offspring and the succession process after the death of the founder”
Michael Gilding, Sheree Gregory, Barbara Cosson (2015)	“Motives and Outcomes in Family Business Succession Planning”	“The repertoire of motives that inform succession planning, and how they promote distinct succession outcomes”

*Table 1: Similar studies of succession in family business*

## **2.8. CRITICAL ANALYSIS OF THE LITERATURE REVIEW**

The complexity of the succession process proves that planning is important and should be done early in the life of the heirs. To prepare them and to advise them is important to assure that heirs will have the right motivations to assume the position of the future owner. Owners should also accept the fact that their positions are temporary, as they need to dispose of the key role in the business.

The lack of a universal definition of Family Business avoids more concrete studies and the ability to cross information between all countries. This would be important because it would allow more frameworks and insights to owners on how to orient their planning of the succession process. Nevertheless, it is important to remember that each case is unique, and each succession plan should also be unique, even though there are some variables that repeat themselves over companies (for example, the importance of communication).

During the succession planning process, predecessors should look not only inside but also outside the companies for successors. When predecessors base their decision on family members, they eliminate many potential successors, such as daughters or professional managers. Sometimes, daughters have a better academic and professional background but are simply ignored because of their gender.

It is important that predecessors plan the succession process, select the successor based on all potential successors and apply the succession plan, to effectively go through this complex process.

### **3. RESEARCH METHOD**

In this chapter, qualitative and quantitative research will be compared, in order to understand what research method better fits this research. Subsequently, the research method chosen for this research will be described, as well as how the data will be collected.

#### **3.1. QUALITATIVE RESEARCH**

As seen in the literature review, there are many frameworks and models created to support Family Business research. When there is sufficient theory and the goal of researches is test the existing theory instead of building new theory, the most adequate data to use is qualitative data (Greenwood et al., 1994) (Cit. By Graebner, Martin, & Roundy, 2012).

According to Reay (2014), family firms are characterized by usually having great stories behind them that could enrich the literature on Family Business, based on family relationships and their influence on the business, giving insights to the topic that would normally pass out if studies were based on quantitative researches.

In contrast to quantitative research, qualitative research analyzes problems in the perspective of the elements involved, being a better tool to explain and describe the experiences that each family members as on the business (Mack, Woodsong, Macqueen, Guest, & Namey, 2005).

Wrongly, many researches use of qualitative data because they consider there is a lack of theory on the topic that is being researched (Graebner et al., 2012), forgetting qualitative data as better tool to understand a topic that is already been studied but needs real-life insights (Mack et al., 2005).

Even though “there is no recipe for qualitative research” (Bansal and Corley, 2011; Coffey and Atkinson, 1996; Maxwell, 2005; Pratt, 2009) (Cit. By Graebner et al., 2012, p. 276), “how” questions are the most answered questions used in qualitative researches (Reay, 2014).

When describing a method of research used, qualitative researches give descriptions of data and the process of analysis with considerable detail (Bansal & Corley, 2012).

### **3.2. QUALITATIVE CASE STUDY METHODOLOGY**

When there is a need to do an integral research, in order to reveal a full detailed perspective of all the participants involved in the research, and using a variety of data sources, the most adequate methodology is a case study (Tellis, 1997; Baxter & Jack, 2008).

This methodology “should be considered when: (a) the focus of the study is to answer “how” and “why” questions; (b) you cannot manipulate the behavior of those involved in the study; (c) you want to cover contextual conditions because you believe they are relevant to the phenomenon under study; or (d) the boundaries are not clear between the phenomenon and context” (Baxter & Jack, 2008, p. 545). In this specific research, both (a), (b), and (c) conditions apply. In 1994, Yin also presented the case study model as a way to explain the context of real-life experiences where certain process occurred.

There are some specific types of case studies: exploratory, explanatory, descriptive, multiple-case studies, intrinsic, instrumental and collective (Yin, 1994; Tellis, 1997; Baxter & Jack, 2008). The case study can be single or multiple cases, depending on the number of “cases” studied in the research (Baxter & Jack, 2008). For this specific research, the single case study is the most suitable, since the goal of the study is to verify if an existing theory can apply to real-life situations and companies (Yin, 1994).

The main data sources of a case study are documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Tellis, 1997; Baxter & Jack, 2008).

In order to help in the decision process regarding the data collection methods, the similar studies mentioned before were analyzed in the table below.

<b>AUTHOR(S)</b>	<b>RESEARCH METHOD</b>	<b>DATA COLLECTION</b>
Aleksandra Majda (2016)	Single Case Study	<ul style="list-style-type: none"> <li>• Semi-structured interviews</li> <li>• Participant observation</li> <li>• Documentation</li> <li>• Archival records</li> </ul>
Jenny Helin & Muayyad Jabri (2016)	Single Case Study	<ul style="list-style-type: none"> <li>• Semi-structured interviews</li> <li>• Participant observation</li> <li>• Documentation</li> <li>• Archival records</li> </ul>
A. B. Ibrahim, K. Soufani, J. Lam (2001)	Single Case Study	<ul style="list-style-type: none"> <li>• Documentation</li> <li>• Archival records</li> <li>• Secondary data</li> </ul>
Michael Gilding, Sheree Gregory, Barbara Cosson (2015)	Multiple Case Study (4 case studies)	<ul style="list-style-type: none"> <li>• Semi-structured interviews</li> <li>• Documentation</li> <li>• Archival records</li> </ul>

*Table 2: Research methods and data collection on similar studies*

In these four studies, the data collection was based especially on semi-structured interviews, documentation and archival records. Taking in count all the factors regarding this research, the data collection will be made through semi-structured interviews, documentation and archival records of the specific company that will be studied in this research. This way, it will be easier

to gather all the information needed, making the data collection less formal and more flexible to focus on specific topics that may emerge during the interviews.

All the data from the multiple sources will then be converged, as usual in case study methodology researches, to facilitate the analysis process and align the outcomes of each data source, rather than analyze each one individually (Baxter & Jack, 2008).

### **3.3. CASE STUDY DESCRIPTION**

As said in the introduction, this research will be based on a case study, using a Portuguese small and medium enterprise company as an example of how the succession occurred during the transition of the first to the second generation and how the transition to the third generation is being planned if it is being planned at all.

The company is called AMC - Alexandrino Matias e Companhia, S.A., and it is a northern Portuguese company that operates in the mining and quarries industries.

The data used in this work was collected through 3 interviews and various contacts via e-mail and text messages with the current CEO of the company, as well as through the analysis of several documents provided by AMC.

The first interview was scheduled on the 8<sup>th</sup> of March 2018 and had the duration of 1 hour. In this first interview, the main goal was to understand the company and the business, as well as all the history and background of the Matias' family.

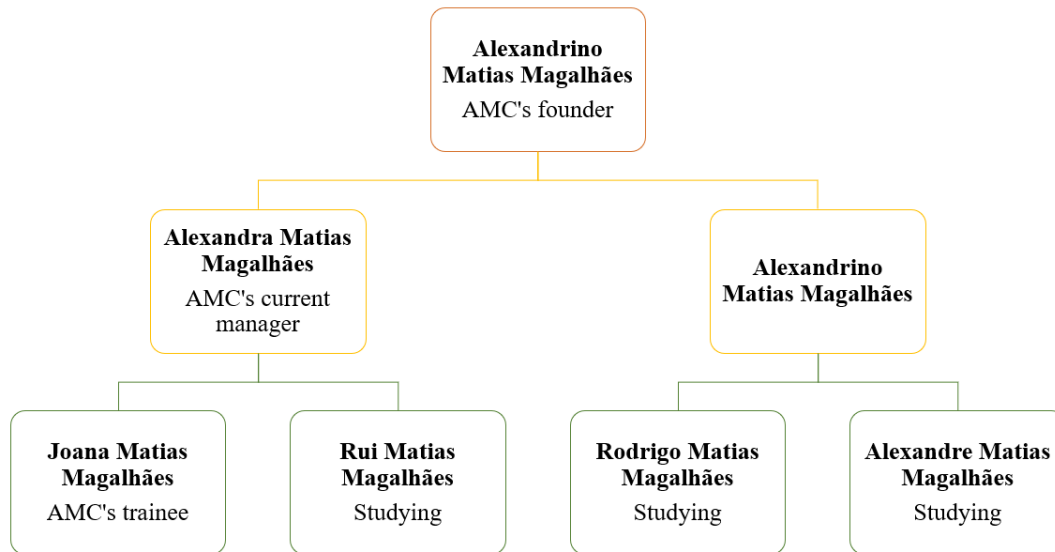
The second interview was scheduled on the 9<sup>th</sup> of May 2018 and had the duration of 30 minutes. The main objective was to obtain more information and details about the history of AMC and the family.

The third interview was scheduled on the 20<sup>th</sup> of June 2018 and had the duration of 20 minutes. The main objective was to get more details and financial information about the company.



## 4. CASE STUDY: AMC

The company will now be analyzed, along with some key points about the business, the family, the first succession process and the future of AMC.



*Figure 8: Family structure of AMC*

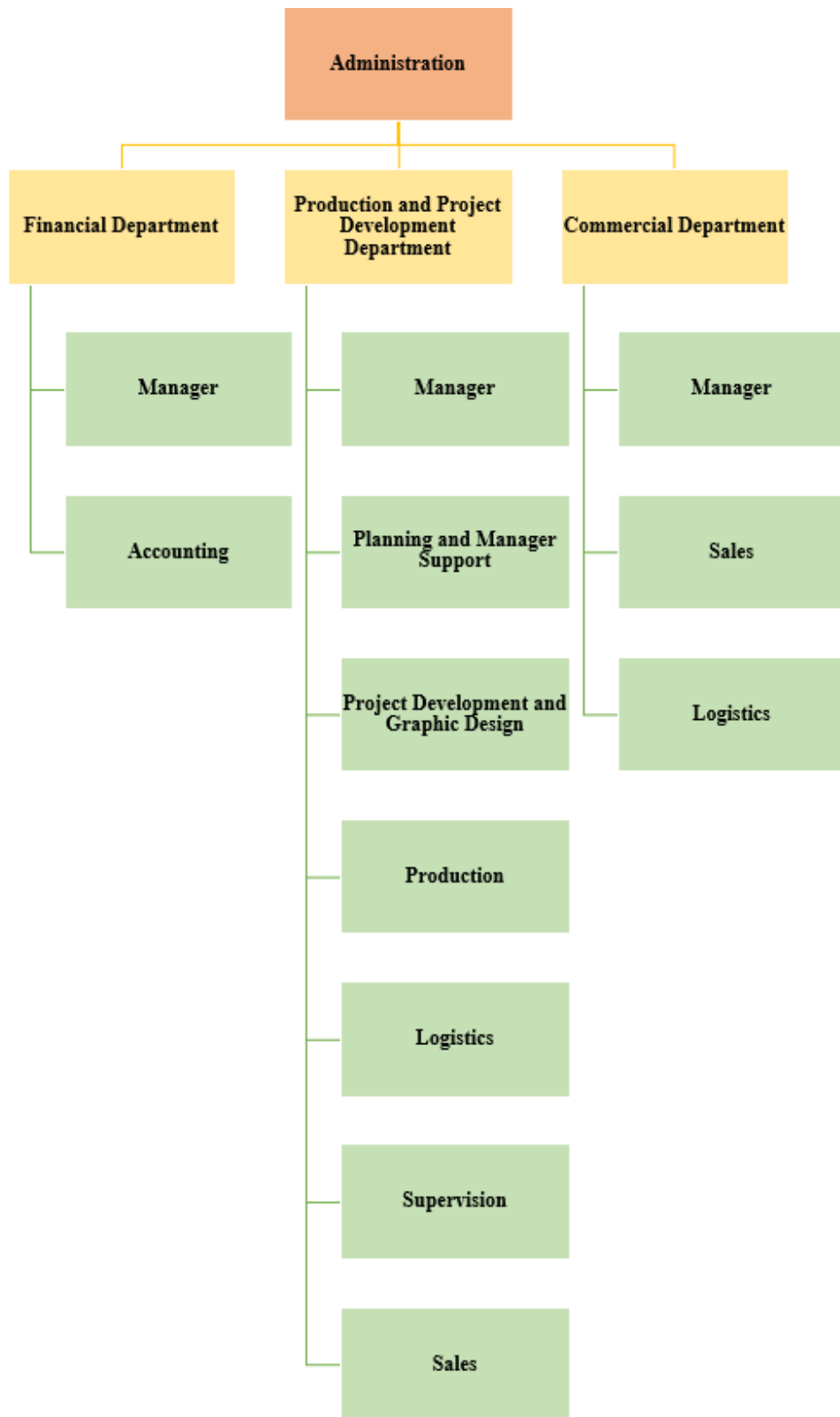


Figure 9: Company structure of AMC

## **4.1. COMPANY DESCRIPTION**

Alexandrino Matias & Companhia, S.A. (AMC) is a company that produces crushing plants and aggregate cleaning facilities. Founded in 1982 by Alexandrino Matias Magalhães, AMC is located in Amarante, a small city of Porto's District, Portugal.

Currently, AMC's team is composed of 30 people, including engineers, managers, technicians and professional workers.

AMC offers a complete service of an integrated solution for the mining and quarries industries, including all the process in its offer. AMC's offer includes the study, the project development, the fabrication of all the necessary structures, assembly, and maintenance. The maintenance includes post-sale services, machines' maintenance, national and international technical assistance and even reconstruction. AMC also offers a commercial area that provides spare parts for equipment and crushing, transport, and screening machinery.

AMC's range of products is divided into two main groups: crushing facilities and inert materials washing facilities.

AMC's exportations include more than 20 countries, gathered across 3 continents, namely Africa (Angola, Algeria, Cape Verde, Cameroon, Congo Republic, Guinea, Malawi, Morocco, Mozambique, Ruana, South Africa, Tunisia, Uganda and Zambia), South America (Peru and Venezuela) and Europe (Portugal, Poland and Switzerland). The main market is Europe, representing 76,32% of AMC's sales, mainly due to the economy growth of Poland and Switzerland.

AMC's vision is "to become an organization of national and international reference in the production of facilities for crushing and washing inert materials, with quality excellence, innovation, security and care for the environment".

AMC's mission is "to produce facilities for crushing and washing inert materials, using the best techniques, ensuring quality and punctuality, to overcome the expectations and demands of our customers, as well as the satisfaction of our employees, keeping them professionally and socially motivated".

AMC recognizes its main values as being: "commitment; meeting deadlines; dynamism; quality; innovation; work environment security; teamwork".

The following table was made based on the 2016 Annual Report of AMC, containing the main financial ratios to better understand the financial situation of the company.

Financial Ratio	Value (2016)	Value (2015)
Sales	3.721.164,61€	4.293.758,71€
EBITDA	206.285,30€	209.310,74€
Net Income	17.695,66€	32.064,23€
Net Assets	4.795.022,36€	5.986.888,68€
Debt	3.664.925,16€	4.873.626,26€
Equity	1.130.097,20€	1.113.262,42€
Equity-to-Asset Ratio	23,6%	18,6%
Return-on-Equity	3,54%	6,41%
Net Profit Margin	0,48%	0,75%
Current Ratio	95,77%	92,57%
EPS	0,18	0,32

*Table 3: AMC's financial ratios for years 2016 and 2015*

According to the Financial Ratios, the company presents an Equity-to-Asset Ratio of 23,6%, which means that only 23,6% of the assets are owned by the company and its investors. The Return-on-Equity was 3,54%, which means the company made 3,54% of the money that shareholders have invested. Net Profit Margin was 0,48%, meaning AMC got 0,48% of the sales as profit. Nevertheless, the Equity-to-Asset Ratio in 2016 is higher than 2015, meaning that the amount of assets owned by the company and its shareholders are increasing. Even though there was a contraction of the economic activity, the debt was decreased. The current ratio is the capability of AMC to pay back its debts. This ratio has increased in 2016, which was 95,77%, which shows that AMC is able to pay back its short-term obligations. The Net Profit Margin can be explained by the amount of interests paid, which was 148.886,46€.

The results show that AMC is stable and able to pay off its short-term debt, showing small differences between 2015 and 2016, with expectations of growth in the next years.

## **4.2. FAMILY DESCRIPTION**

Alexandrino Matias Magalhães, AMC's founder, was born on the 3<sup>rd</sup> of May of 1937, and he is one of the 7 children of Rodrigo Matias Magalhães. Alexandrino founded the company under his name, after attending a technical engineering course. He was married with Maria Glória, middle school teacher, and they had 2 children: Alexandra Matias Magalhães, which is the current AMC's CEO, and Alexandrino Matias Magalhães.

Alexandra Matias Magalhães was born in the 27<sup>th</sup> of September of 1965. She graduated in business administration. She is the mother of 2 children: Joana Matias Magalhães, born in the 22<sup>nd</sup> of June of 1992, graduated in Communication Sciences, and Rui Matias Magalhães, born in the 6<sup>th</sup> of November of 1996, attending Computer Engineering.

Alexandrino Manuel Matias Magalhães was born in the 7<sup>th</sup> of July of 1962 and he died in 2011 due to a disease. He had no academic background, but he worked in the company with his father. He was the father of 2 children: Rodrigo Matias Magalhães, born in the 5<sup>th</sup> of July of 1994, currently attending Mechanical Engineering, and Alexandre Matias Magalhães, born in the 2<sup>nd</sup> of February of 1999, studying Physical Engineering.

### **4.3. THE STORY OF AMC**

In 1982, AMC was founded by Alexandrino Matias Magalhães, as a commercial store, selling spare parts for equipment and crushing, transport, and screening machinery.

In 1989, AMC started expanding his business to doing the machinery itself, instead of just selling spare parts, acquiring a manufacturing facility.

With this investment, AMC started selling the whole project development, the fabrication of all the necessary structures, assembly, and maintenance. The mining and quarry industry is considered to be a very high-risk industry. As the machinery cannot be mass produced by AMC, it tried to offer its customers a full service, starting in the project development and advice, and finishing in post-sale assistance and maintenance, and even project changes.

In 2004, AMC made its first exportation, to Angola, even though they had already indirectly export to Portuguese companies that were working outside Portugal. After this first exportation, AMC started looking at international markets and start exporting to different countries, also because the Portuguese market was starting to slow down due to the international economic crisis.

As customers were going to different countries, AMC was going with the customers and trying to obtain international customers as well. The word-of-mouth was very important at this stage of expansion.

Only after getting some size, the owner of AMC decided to rent a space in the city center, in order to open AMC's office. It was in this office that all the administrative services were located.

In 2009, AMC bought the current facility, where AMC have all their services gathered in one huge warehouse. It became a joint-stock company and the social capital was raised to 500.000,00€, corresponding to 100.000 shares.

In 2016, there was an important reorganization of the warehouse facility, and the acquisition of new manufacturing equipment.

#### **4.4. THE FAMILY BEHIND THE BUSINESS**

Alexandrino Matias Magalhães, the founder of AMC, worked at his father's factory since he was very young. His father owned a metalworking factory in Amarante, named Rodrigues Matias e Magalhães. As said before, Alexandrino had 2 brothers, that worked with him in the factory. Alexandrino was responsible for creating and developing projects for many years, being involved in some of the greatest projects of the company. But around the 1970's, some of Alexandrino's ideas to innovate the management process of the company were rejected. As all of the male siblings were working in Rodrigo's factory, Alexandrino had some disagreements among his brothers. With 48 years old, he decided to leave his father's company and create his own company. It was at this moment that Alexandrino decided to found AMC and start selling the spare parts for the machinery that his father produced, having some contacts and connections.

Carefully, Alexandrino wanted to stay in the commercial area of the business, mainly because he did not want to interfere, by any means, in his father's business. But after a while, customers start defying Alexandrino to start doing the machinery himself and developing projects. He only decided to accept the challenge after a lot of requesting and started the expansion of the company by building a small team, doing some project development and start building crushing machinery.

#### **4.5. THE SUCCESSION IN AMC**

The succession process in AMC was very peculiar. Alexandra and her brother Alexandrino were always great friends. There was no conflict, whatsoever, even when they were a little child, and that remains unchanged until the adulthood of both.

Alexandra was studying Economics in Porto when she first asked her father to work in AMC. After receiving a negative answer from her father, as he wanted her to get her degree and thought that AMC was in a male sector - the sector AMC is located in, metalworking is traditionally a male sector -, she decided to get a job in Porto. Posteriorly, when she was 30 years old, Alexandra went to Lisbon and worked in a furniture selling company until 1998, when she returned to Amarante, 2 years later, as her professional career was not fulfilling her enough.

Meanwhile, her brother, Alexandrino Manuel, has always been working with her father. He started young, at 18 years old, working in his grandfather factory, as his father was. When AMC was created, Alexandrino Manuel followed his father to help him with his newborn company. As his brother was close to the business, worked with his father for many years and he was a very good professional, his profile fit well with the future AMC's successor.

But when Alexandra came back to Amarante, her father eventually decided to give her a job in the company, as she always wanted to work with her father and always saw him as a great teacher and leader. She started working in 1998, in the offices, taking care of the company's mail, with little connection to his father inside the company, and her brother as well. For Alexandra, every little job was important: separating mail was a perfect way to get to know the company's customers and suppliers. Soon after she started working on AMC, she started attending Business Administration in Porto.

Only with time, her father started trusting her as a professional and started allocating more responsibilities to her, especially in the financial department. Because they had a very good relationship as father and daughter outside the company, it was easy for Alexandra to grow inside the company.

With the growing of Alexandra inside AMC, her father started to be confused about who the best fit for the next successor would be: on the one hand, Alexandra was a great manager and a great office worker; on the other hand, Alexandrino Manuel was a great professional and metalworker, and had been close to the business and the industry since he was very young.



Alexandrino did not know who would replace him in the company, because both of his children were working with him in the company. As Alexandra said “my brother was a better technician, and I was a better manager. It should have been a complementary management”.

With all this in count, in 2003, Alexandrino contacted a family business succession consulting company. The company assessed AMC, by individual and group meetings and sessions, with all the family members. The process involved psychologists and managers, and 3 to 4 months of work. The result was that the best succession solution would be Alexandra, to take the CEO role. Even though the ideal successor would be Alexandra, her father still believed that her brother would be the successor, especially because he was better in the mechanical part.

But Alexandra was already working in a management position, and the consulting company’s opinion made her more motivated to keep on working, which made her father realize that she was the best solution for AMC, as other people in the company started trusting her and realizing the passion she has for the company as well.

As they were working together, Alexandra started to have some influence on her father decisions. Alexandra and her mother had a big part in his father’s decision to buy the current facility where AMC have all their services gathered. The main fear of AMC’s administration was the factory workers’ reaction to having the management and administration services in the same facility, but since all the workers liked the top management team, it resulted in a smooth transition to the new facilities.

Since the date of the acquisition of the new facilities, 2009, Alexandra was, in fact, a manager, together with her brother and her father, and started being close to her father, because the factory and the office were now in the same building. They started getting a closer relationship during work, and she started helping her father leading project development, construction and people management. With the involvement of Alexandra in the company, her father started to realize that she had a true passion for the company, and he started trusting her. She started gaining knowledge of all the departments and getting involved in the projects.

She also started promoting the company, by her own initiative, somewhat against the willing of her father. Alexandra went to fairs and created AMC’s social media pages. Over the years, Alexandra was already responsible for AMC’s commercial department and client negotiation. Her brother never opposed the decision that was being made, inconsistently. Her growth in

AMC was obvious, but as she made decisions, her brother always agreed with her, even though they had different visions for the company and in life in general.

As said before, Alexandra's will was to have a complementary succession, dividing the management position with his brother. Unfortunately, in 2011, her brother passed away due to a disease.

Years passed, and her father started getting sick, in 2015, while Alexandra was already in a top management role in the company. She considers that the succession was a normal process since it was already defined that she was going to be the successor. Nevertheless, she only assumed the CEO chair once her father died, in 2017, 2 years after his sickness, because for him, it was very hard to give up the role he had in the company. Even after he was sick, he still visited the company almost every day.

The succession process went for several years, while Alexandrino was giving more and more responsibilities to his daughter, and as Alexandra was learning more and growing inside the company. Despite her father harshness, she thinks that the succession process was adequate, and the progressive process was ideal to compare the differences between Alexandra's and her father's points of view.

Even though it was Alexandra and her father that managed the company, possession was divided by everyone equally, as every member of the family is a shareholder: Alexandra, her brother Alexandrino Manuel, her father Alexandrino and her mother Maria Glória. Because of the passing of her father and brother, the current shareholders are herself, her mother and her nephews, being the heirs of their father's shares.

After her father's passing, Alexandra started to adjust the team she has been working with because now she was facing AMC's problems on her own.

#### **4.6. THE IMPACT OF THE SUCCESSION ON AMC'S PERFORMANCE**

Alexandra's opinion on her performance is very humble. She doesn't recognize an improvement in the management nor the financial situation of the company, but she recognizes that she brought a different vision to the company. Her main goals are to keep the financial stability of AMC and expanding the business to new markets. Unlike her father, she's very optimistic and she has a very positive way to deal with problems. The passion for the company, which is clear since she is always mentioning the proud that she has in AMC's accomplishments, and the good relationships with AMC's worker are the most important factors that she brought to the company. Truth is, she had a very big influence on some important decisions to the company, such as AMC's promotion, the investment in some countries and the construction of the new headquarter, which is the most important decision that Alexandra considers having made in terms of AMC's management. She was also responsible for closing a deal with a partner in Morocco, even though her father was very skeptical, resulting in a profitable partnership. When the new headquarters were built, the company started working altogether. In Alexandra's perspective, that helped in several aspects. It was easier for the management team to solve a problem on point and at the exact moment, the problem occurred, as before they let problems to solve because the team was not altogether in the same place, available at the same time. For that reason, the change in 2009 was crucial.

As most family businesses' CEOs, Alexandra prioritizes the business first, rather than her family. In her opinion, if it wasn't that way, the company wouldn't be sustainable in a long term. Alexandra affirms that she has time for her family, she spends time with her children, more now than before she became CEO, but she considers obvious that she thinks about AMC 24/7, and her children know that, because, as Alexandra mentioned, "they know that if the company runs well, the family runs well too". This fact proves that, as well as her father, her passion for the company, might be the key performance input, that makes the company continues to thrive.

## 4.7. THE FUTURE OF AMC

Alexandra's expectations for the future of the company are the continuity of the company, mainly to honor her father's name. Since it's a very risky, inconstant market, Alexandra is sometimes a little uncertain, even though she confirms to have a strategic plan for AMC's future. Her plans are to keep present in the market, to remind all of AMC's customers and potential customers that they are "alive" and ready to develop new projects, although her father's exit from the company was forced.

Alexandra is considering continuing the international expansion, by trying to sell to new customers, in new countries. For example, at the current moment, AMC's team is studying France, as they never sold to that country, but they consider it as a challenge, that they're willing to realize until the end of 2018.

At the current moment, Alexandra has 52 years old. For her, it's a big mark for a manager, and she has already been thinking about the future of AMC, especially the future succession. Nevertheless, in terms of succession, she hasn't made any formal planning and considers that it would not be necessary. As Alexandra said: "I'm still young, and I know what I want for AMC and what AMC needs. Things will build up, eventually."

Only one of Alexandra's children is currently working in the company, doing a 1-year internship. If she considers that she likes the company and wants to continue, Alexandra considers that it would be a good help for the succession to occur.

Even though only Joana Matias Magalhães is working at AMC, both of Alexandra's children are very aware of all the decisions, they are interested, and they know the company since they were very young. Her daughter is working in the communication, promotion, and marketing of the company, which fits perfectly her academic background and profile since she has a bachelor's in communication sciences, and this fits with a family pact created at the same time that the family business succession consulting company was working with AMC, in 2003, which translates into only accepting family descendants to work in the company if they add value to the family business.

She also considers having a non-familiar successor a viable option for AMC's future. Nevertheless, she thinks that there are more advantages to have a familiar management rather

than having a non-familiar professional management. In her opinion, as a company starts to have a manager outside the company, it tends to start increasing the size and losing its character. She also recognizes that there are some advantages to having a non-familiar successor, but she finds more interesting to have a familiar successor as a manager. But for that to happen, her children need to get experience outside the family business, as “it is a good way to get a perception of the markets”.

## 5. AMC ANALYSIS

According to the European Commission, AMC is considered a Family Business: the decision-making of the company is made by Alexandra, the child of the founder of the company, Alexandrino; the decision-making rights are directly owned by Alexandra; Alexandra and his mother are the representatives of the company; AMC is a limited company and all of the share capital is owned by family members.

The leadership and ownership of AMC were already passed from father to daughter since the main goal of Alexandrino was to keep the company alive throughout the generations to come.

According to the succession planning definition cited by Mazzola (2008), AMC had a formal plan to help the handover of AMC's control and management to his daughter, which means AMC had a succession plan.

In this particular case, although as the majority of the cases, the planning of the succession process, that started by the hiring of the succession consulting services in 2003, was crucial to the successful process that AMC went through, without conflict, progressive and natural, that occurred during many years. The actual formal process can be considered to have started in 2009, with the promotion of Alexandra as a manager of the company, even though it has already been started in 2003 since the presence of the consulting company concluded that the successor should be Alexandrino's daughter. Alexandrino only stopped working in AMC when he got sick, in 2015. Regardless, he continued to have influence under Alexandra decisions until late 2017, when he passed away. This means that the succession was planned 14 years before AMC's founder passed away, which means that planning was done at a perfect timing, since companies should start planning for succession as soon as possible, in order to increase the chances of actually succeeding in the process.

These chances were also increased by the family relationships present in this family. According to the model created by Lansberg and Astrachan (1994), the high family interconnection resulted in the great relationship between Alexandrino and his daughter Alexandra and in the big sense of responsibility of being effective in the succession process since the entire family depends on AMC.

Also, the fact that there is a big loyalty to the family and the AMC's assets, demonstrates the big cohesion and interconnection present in the family, making the family members very committed to AMC, showing true passion to work for the family business.

This big commitment resulted in the early succession planning, seeing this process as a need for the survival of the company and the family's income, and resulted in the willing of Alexandra to learn and be trained, recognizing she had a lot to learn from her father: "my father was very wise and I learned a lot from him, as it was great to work by his side". Since they had a good relationship, this training resulted not only in Alexandra appreciating the knowledge she was getting from his father but also to Alexandrino to recognize the value of Alexandra in the company, adapting to her ideas and accepting them. The importance of the relationships is emphasized by the fact that, according to Mazzola et al. (2008), the fact that the purpose of the succession process plan was to the change of ownership on AMC and the successors' role was to be the next AMC's leader, made this a more relational than educational succession to Alexandra, as relational was the key benefit that she would perceive.

All of this was possible due to the great relationship between all members of the family and because the communication amongst them was effective. The consulting company helped with the process of communication, based on the interviews and group meetings that the company has arranged, to force family members to freely expose their ideas to the rest of the family, making sure all of the family members were aligned with what they want to get from AMC and what they are willing to do for the company. This help was essential to the planning of the succession process, making the presence of this company a key reason to why the succession in AMC was as successful as it was, and also because the formal succession planning help increase communication and shared knowledge itself, as Mazzola (2008) mentioned.

Communication was as important as the succession planning itself. Communication allowed that Alexandrino Manuel, Alexandra's brother, did not have feelings like conspiracy or resistance to the succession process, and it allowed him to always have positive feelings towards Alexandra.

The great relationship between Alexandra and Alexandrino Manuel can be analyzed from a much more longstanding perspective. Since they were very young, they had always had a great relationship, without conflicts, which translates into a smooth succession experience. According to the framework developed by Avloniti et al. (2013), this great relationship in adulthood between Alexandra and Alexandrino Manuel was due to three factors.

The first factor was the good parental attitude and behavior of Alexandrino during the childhood of both his children. As Alexandra stated, “my father was always fair, both in childhood and adulthood”, that translated into a good sibling relationship, without conflicts or competition.

The second factor was the characteristics of Alexandra and Alexandrino Manuel. Alexandrino Manuel was the older brother, 3 years older than Alexandra, which reduces the chances of conflict. The difference between genders also reduced the odds of conflict. The fact that they were only two siblings also helped to reduce conflict. In the case of their father, Alexandrino, who had 6 siblings, when the succession of the factory of Rodrigo, the grandfather of Alexandrino Manuel and Alexandra, was done, Alexandrino eventually got into conflict with his two brothers.

The third factor was the perception of fairness by the two siblings. As Alexandra stated, “I and my brother knew that our father distributed things as we needed, so we did not have to compete in order to get something”. This perception was a key influence on the relationship between Alexandra and Alexandrino Manuel.

These three factors contributed to the great sibling relationship and were crucial to the effectiveness of AMC’s succession process.

Taking in count that the good family members’ relationships and the big commitment to AMC, we can conclude that both the family harmony and the will of continuity of the family business are strong.

Gilding et al. (2015) predicted the outcome of the family business succession planning according to these two variables: the family harmony and the will of continuity. When both variables are strong, the predicted outcome was named “Institutionalization”, and the result is a “formal succession planning process, facilitated initially by a business psychologist and then a family business advisor” and that the result will be a smooth succession.

The model aligns perfectly with AMC’s case. Alexandrino contacted a family business succession consulting company to formally elaborate a family business succession plan, with a process that involved several psychologists and managers to advise the company.

This Alexandrino’s motivation to find a successor and have a formal succession plan was due to the “familial stewardship” attitude. Bizri (2016) model propose that when a company has a small size and low formalization, the predecessor tends to make business decisions according



to the best interests of the family. In Alexandra's opinion "the best interest of our family is that AMC succeeds and thrive, and that is my vision, as well as it was for my father". This interest for the family is called "familial stewardship".

The fact that Alexandrino wanted a family member to succeed him in his position on AMC is not surprising, neither is the fact that he preferred his son as the top manager of AMC. The fact that Alexandrino Manuel was older than Alexandra, making the eldest son, influenced the unconscious decision of Alexandrino to have his son as his successor. In 1982, Alcorn had already realized that most family businesses act like monarchies. When Alexandra went to AMC, her father did not trust her enough, giving her a low responsibility position. Only after some years, Alexandrino started to realize his daughter's passion and involvement in AMC. But even after the family business succession consulting company stated that Alexandra was the ideal successor, he was still considering Alexandrino Manuel as his successor.

Despite this father's preference to have his older son as successor, Alexandra had all the characteristics that Mazzola (2008) found as important to have an effective succession: she had the business and industry knowledge that she started getting early in 1998, she could make decisions and had a very good connection with AMC's workers, she was responsible for the all AMC's participation on events, having a big network, she had as much passion for the company as her father, she was innovative and tried to implement new ideas on the company and she was very legit to the stakeholders, as we can confirm from her words: "if AMC wins, all the family members win". Besides these characteristics, Handler (1992) found important that successors achieve fulfillment of career, psychosocial and life stage needs, and Alexandra was in a favorable life stage, as she had already children, she had worked outside the family business, and she was very determined to make a difference in AMC.

But as Wang (2010) mentioned, Alexandra's potential as a professional manager was underrated by her father, that only started recognizing her efforts in 2009.

Alexandrino did not totally exclude his daughter, but as many CEO's do, and as Curimbaba (2002) noticed, he gave Alexandra a job in a company with a low level of trust and responsibility. Alexandrino started to realize Alexandra's value and competencies due to her great effort, performance and passion, making Alexandra a successful leader in a traditionally male sector that have high entry barriers to women CEO's, as Wang (2010) referred.

Dumas (1992) mentioned that a female successor is characterized by the desire to work side by side with their fathers, as Alexandra seek a codependent relationship with her father, since she referred that “working with my father was great, it was always a challenge, but we learned a lot from each other”.

The succession planning process that took place on AMC can be analyzed by Handler’s framework (1994). Even though Alexandrino did not show the will to leave AMC, Alexandra was very receptive to take over and manage AMC. Together with the great family relationships and good communication amongst all family members, this resulted in high levels of satisfaction with the succession, as Alexandra said: “the process was perfect, and I am very satisfied with the succession”.

Both the family relations and communication and the succession planning contributed not only to increase the satisfaction with the succession on AMC but also to increase the effectiveness of the succession process. The fact that Alexandra was very well prepared, and since it took almost 14 years for her to be prepared, the effectiveness of succession process was at the ideal level.

We can say that the overall evaluation of the first succession process seems to be positive on AMC, but this does not mean that the succession problem is over.

Although according to Bocatto et al. (2010) statistics AMC is part of the 30% of the companies that could effectively go through the succession process, AMC can still be part of the 85/90% of companies that fail the second succession.

The fact that Joana, Alexandra’s daughter, is already taking an internship on AMC, after getting some outside working experience that could have enriched her professional competencies and skills that could not have been gained on AMC as Avloniti et al. (2013) found important, is a good indicator that succession planning can already be starting.

What is also a good indicator is that Alexandra is also considering outside successors, as “all the possibilities are on the table, and none can be left aside”. Since, at the current moment, there are no certain choices on who the next successor should be, the heirs of the company may not apply to the requirements and characteristics of the next AMC’s leader.

This possibility is also enhanced by the family pact that was created in 2003, of not accepting family members if they do not represent any increase of value to the business. This is important because, as Wang (2010) mentioned, all the potential successors should be considered.

The main problem relies on the fact that Alexandra does not have a formal plan nor the will to create one, at least for now: “I’m still young (...) Things will build up, eventually”. The main reason for companies to fail succession is the lack of succession planning. Even though her father approached the process effectively, Alexandra will most likely commit a big mistake if she does not plan the succession as soon as possible, because, as Mokhber et al. (2017) affirmed, succession planning should have been done early in the lives of Joana, Rui, Rodrigo, and Alexandre.

According to Alexandra, her children and her nephews all have a good relationship, without conflicts, just as how her relationship with her brother was. This is a good indicator that, whoever Alexandra chose as successor, it should be effective, if done with time. Nevertheless, the strong harmony amongst the family members does not compensate for the weak continuity will of her children and nephews if they are not interested in work on AMC. If this scenario occurs, according to Gilding’s framework (2015), the result will be the selling and division of the company among the shareholders.

But the most probable scenario would be the same as Alexandrino faced in 2003, with strong continuity and strong harmony, meaning that Alexandra will have to consider external help to plan the succession formally, especially because it will be done late in both of her children’s or nephew’s life stage.

## 6. CONCLUSIONS AND FUTURE RESEARCH

Family business represents a big percentage of the world total companies, and in Portugal as well. Though, it is very important to study these very peculiar businesses. Studying family businesses is important in order to develop tools that managers can use to apply to these type of businesses, where we can not only consider the business but also the family behind the business.

A key part of family businesses is the succession of both ownership and leadership. The leadership of a family business, as any business, is a very important role to take. So, the successor should be carefully chosen.

Besides choosing the successor, the succession process should be planned, so that the future successor could be prepared to face the problems and challenges that the company will experience. The main reason that family businesses that were once successful fail is the lack of succession planning.

Many authors developed frameworks and models that help to understand the complexity of family business and the family businesses' succession process, and also help to predict some of the outcomes on this process, taking in count all the different variables like family members' relationships, communication amongst the family members, demographics of the heirs, etc.

With this study, it can be concluded that AMC was in a situation that most companies face: who to choose to be the next successor. Nonetheless, AMC effectively went through the succession process, and it can be concluded that it was due to the formal succession planning. The importance of planning a succession could not be more emphasized: the requirement of a consulting company to help in the formalization of the succession plan resulted in an effective succession, that was done during a long period of time, since the first moment that Alexandra, the current AMC's CEO, began working on the family business.

Alexandrino made the right choice, and the fact can be confirmed by a stable company that survives and thrives in a high-risk market.

Even though Alexandra states that she does not see the need to plan the next succession, Joana is already working on AMC, and if she stays in the company, Alexandra can approach this process in the same way his father did, giving more and more responsibilities to her daughter,

gradually and during a long period of time. Eventually, Joana will then have a leadership role in the business.

The next successor is still unknown, even for the current CEO of AMC, but Alexandra believes that she knows what she wants for AMC and what AMC needs, which means that she will eventually end up doing a succession plan, even if it is an informal plan, to effectively pass the leadership to one of her children or nephews.

It is important that some further research is done on testing the frameworks and models created by different authors throughout the years, especially in studies that analyze multiple companies, to be able to compare results and have better results.

Future research could also concern companies that went through more than one succession, in order to compare the succession processes inside the same company, since there could be differences and improvements between the successions.

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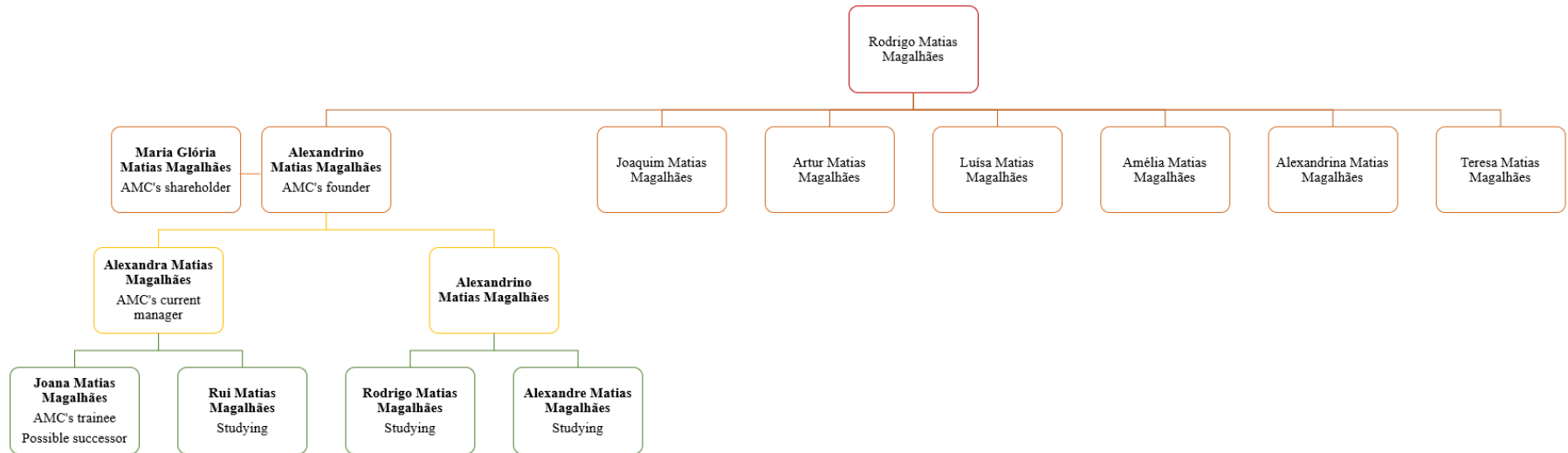
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## 8. ANNEXES

### 8.1. ANNEX 1: The structure of the family Matias Magalhães



## **8.2. ANNEX 2: Structure of the first interview (Portuguese)**

### **Entrevista sobre Planeamento da Sucessão em Negócios de Família**

Empresa: AMC, Alexandrino Matias e Companhia, Lda.

Entrevistada:

**Alexandra Matias, 27/09/1965**

Presidente do Concelho de Administração

Entrevista realizada a 08/03/2018,

Por Luís Miguel Teixeira Medeiros.

### **Passado profissional**

1. Tem alguma experiência profissional fora da AMC? Se sim, em que área e que função desempenhava, com que idade e durante quanto tempo?
2. Com que idade começou a ter contacto profissional com a AMC?
3. Este contacto profissional com a AMC foi por sua iniciativa ou de outrem? Quem? De que forma?
4. A sua ascensão (sucessão na gestão) foi planeada? De que forma?
5. Quando teve conhecimento (ou a perceção) de que iria ocupar um cargo de gestão na AMC?
6. Quando o seu pai faleceu, já tinham executado a sucessão formal?
7. O seu irmão nunca se opôs?
8. De que forma se divide a posse da empresa?
9. Relativamente à sucessão, concordou com o processo e decisões da anterior geração/gestor da AMC? Se não, com quais e de que forma?

## **Informações sobre os membros dos órgãos de gestão da AMC**

10. Tem algum filho que trabalhe na empresa?
11. Alguma vez tentou influenciar a decisão do(s) seu(s) filho(s) relativamente à sua área de formação pensando no futuro da empresa? Se sim, de que forma?
12. Já pensou na sucessão dos atuais membros de gestão da empresa? Se sim, já elaborou algum plano formal? Se não, de que forma pensa atuar no futuro?
13. Considerou o anterior processo de sucessão adequado? Se não, o que mudava e por que razão?
14. Ao nível das decisões de gestão, quais foram as decisões que considera mais importantes?
15. A AMC sempre trabalhou fora de Portugal?
16. E quando tem grandes obras no estrangeiro, costuma ir lá?
17. De que forma avalia o desempenho da sua gestão e como caracteriza a evolução face à gestão anterior?
18. Quais são as suas perspetivas para o futuro da AMC?
19. No processo de nomeação da gestão da empresa, alguma vez ponderou que a mesma fosse ocupada por alguém que não pertencesse à família? Se não, por que razão?
20. Porque decidiram contratar uma empresa para realizar a consultoria da sucessão?
21. Acha que a gestão da empresa tem vantagens ou desvantagens em ser familiar? Porquê?
22. Como prioriza as necessidades da família e da empresa?
23. Os seus filhos têm vontade de trabalhar na AMC e de dar continuidade à empresa da família? Se sim, de que forma e porquê?

### **8.3. ANNEX 3: Structure of the first interview (English)**

#### **Interview on Sucession Planning in Family Business**

Company: AMC, Alexandrino Matias e Companhia, Lda.

Interviewee:

**Alexandra Matias, 27/09/1965**

CEO

Interview realized at the 8<sup>th</sup> of March 2018

By Luís Miguel Teixeira Medeiros

#### **Professional Past**

1. Do you have any professional experience outside AMC? If yes, in which are and what function did you perform, how old were you and for how much time?
2. With what age did you start to have professional contact with AMC?
3. This professional contact with AMC was yours or another person's choice? Who? In which way?
4. Your ascension (management) was planned? In what way?
5. When did you have the perception that you would perform a management role on AMC?
6. When your father died, have you already realized the formal succession?
7. Did you brother oppose at any moment?
8. In what way is the possession of the company divided?
9. Did you agree with the succession process and the previous decisions of the last management/ CEO of AMC? If not, what decisions and in which way?

## **Details about the members of the management bodies of AMC**

10. Do you have any children working on AMC?
11. Had you ever try to influence your children's decisions on school, thinking on the future of AMC? If yes, in which way?
12. Have you ever thought on the succession of the current management? If yes, did already plan a formal succession? If not, in what way are you planning to perform in the future?
13. Did you consider the previous succession process effective? If not, what would you change and why?
14. Considering management decisions, what were the decisions you consider to be more important?
15. Did AMC always work outside Portugal?
16. When you have big international projects, do you use to go to the specific country?
17. How do you evaluate your management's performance and how much do you think you grow compared to the previous management?
18. What are your expectations for the future of AMC?
19. In the selection process, have you ever think of someone outside your family to work on AMC? If not, why?
20. Why did your father decide to hire a consulting company to help in the succession process?
21. Do you think the company has more advantages than disadvantages in being a family business?
22. How do you prioritize your family's needs and AMC's needs?
23. Do your children want to work on AMC and keep the family business? If yes, why and in which way?

#### **8.4. ANNEX 4: Structure of the second interview (Portuguese)**

##### **Entrevista sobre Planeamento da Sucessão em Negócios de Família**

Empresa: AMC, Alexandrino Matias e Companhia, Lda.

Entrevistada:

**Alexandra Matias, 27/09/1965**

Presidente do Concelho de Administração

Entrevista realizada a 09/05/2018,

Por Luís Miguel Teixeira Medeiros.

##### **O passado da AMC e da sua família**

1. Por que é que o seu pai não continuou a trabalhar na fábrica do seu avô?
2. Como é que o seu pai criou a empresa?
3. Como descreve o seu pai?
4. Como se descreve?
5. Por que é que o seu pai decidiu consultar uma empresa para decidir a sucessão e como foi o processo?
6. Quando abriram os escritórios?
7. Decidiu voltar a estudar a pensar na AMC ou na sua esfera pessoal?
8. Qual o passado do seu irmão? (passado profissional e académico)
9. Qual a distribuição acionista atual da AMC?
10. Alguma vez sentiu necessidade de contrariar o seu pai?
11. Qual a demografia da sua equipa de colaboradores?
12. Acha que irá elaborar o plano de sucessão num futuro próximo?
13. A recente presença da sua filha na empresa poderá ajudar na realização do plano de sucessão? De que forma?
14. Qual o papel da sua mãe na AMC e qual a opinião da sua mãe na sucessão?
15. Qual o volume de vendas da AMC?

## **8.5. ANNEX 5: Structure of the second interview (English)**

### **Interview on Sucession Planning in Family Business**

Company: AMC, Alexandrino Matias e Companhia, Lda.

Interviewee:

**Alexandra Matias, 27/09/1965**

CEO

Interview realized at the 9<sup>th</sup> of May 2018

By Luís Miguel Teixeira Medeiros

### **The past of AMC and AMC's family**

1. Why did your father leave your grandfather's factory?
2. How did your father create the company?
3. How do you describe your father?
4. How do you describe yourself?
5. Why did your father decide to
6. Why did your father decide to hire a consulting company to help in the succession process and how was the process?
7. When did AMC open the new facility?
8. Did you start studying again because of your self-esteem or AMC?
9. What is the professional and academic background of your brother?
10. Who are the shareholders of AMC?
11. Did you ever feel the need to go against your father?
12. What's the demographics of AMC's employees?
13. Will you plan the next succession in a near future?
14. Do you think that your daughter's presence in AMC will help the succession planning?  
In what way?
15. What is your mother's role on AMC and what is her opinion on the succession?
16. What is the sales' volume of AMC?

## **8.6. ANNEX 6: Structure of the third interview (Portuguese)**

### **Entrevista sobre Planeamento da Sucessão em Negócios de Família**

Empresa: AMC, Alexandrino Matias e Companhia, Lda.

Entrevistada:

**Alexandra Matias, 27/09/1965**

Presidente do Concelho de Administração

Entrevista realizada a 20/06/2018,

Por Luís Miguel Teixeira Medeiros.

### **Detalhes sobre o passado**

1. O seu pai sempre trabalhou na fábrica do seu avô?
2. Como era a sua relação com o seu irmão?
3. Considera que o seu pai sempre foi justo na divisão de bens?
4. Quais eram os principais hobbies do seu pai? E os seus?
5. O pacto familiar foi criado em que ano?



## **8.7. ANNEX 7: Structure of the third interview (English)**

### **Interview on Sucession Planning in Family Business**

Company: AMC, Alexandrino Matias e Companhia, Lda.

Interviewee:

**Alexandra Matias, 27/09/1965**

CEO

Interview realized at the 20<sup>th</sup> of June 2018

By Luís Miguel Teixeira Medeiros

### **Details about the past**

1. Did your father always work in your grandfather's factory?
2. How was your relationship with your brother?
3. Do you think your father was always fair between you and your brother?
4. What were your father's hobbies? And yours?
5. When was your family agreement created?